



September 24, 2014

Mr. Thomas J. Snyder
President
Ivy Tech Community College of Indiana
50 West Fall Creek Parkway
Indianapolis, IN 46208-1763

Certified Mail Return Receipt Requested
Domestic Return Receipt
7012-1840-0000-4211-7613

RE: **Final Program Review Determination**
OPE ID: 00991700
PRCN: 2014-4-05-28725

Dear President Snyder:

The U.S. Department of Education's (Department's) School Participation Team – Chicago/Denver issued a program review report on August 4, 2014 covering Ivy Tech Community College of Indiana's (Ivy Tech) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2013-14 award year. A review was performed as a follow-up to an audit conducted by the Office of the Inspector General (ED-OIG/A07L0001) which contained comments regarding the administration of Title IV credit balances. The focus of the review was to assess Ivy Tech's administration of the Title IV, HEA programs with respect to the processing of Title IV credit balances.

A sample of 5 files was identified for review from the 2013-14 award year. These files were selected based on a judgmental selection of higher aid awards and available credit balances. Appendix C lists the names and last four digits of the social security numbers of the students whose files were examined during the program review.

The School Participation Team – Chicago/Denver has reviewed Ivy Tech's Policy and Procedures regarding Title IV credit balance refunds. A copy of the program review report (Appendix A) and Ivy Tech's Policy and Procedures regarding Title IV credit balance refunds (Appendix B) are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Ivy Tech upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Ivy Tech's response has resolved all findings. In addition Ivy Tech has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, Ivy Tech may consider the program review closed with no further action required.

Appendix C, Student Sample, contained personally identifiable information and was emailed to Ivy Tech as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) was sent in a separate email.

Federal Student

U.S. Department of Education
Schools and Education Division – Chicago/Denver
500 West Madison Street, Suite 1575, Chicago, IL 60661-4544
FStudent@ed.gov

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

If you have any questions please call Donna Sobie at (312) 730-1714.

Sincerely,

Douglas A. Parrott
Division Director

Enclosure: Program Review Report (with attachments)
Ivy Tech's Policy and Procedure regarding Title IV Credit Balances
Student Sample Selection

cc: Ben Burton, Financial Aid Administrator
Teresa Lubbers, Indiana Commission for Higher Education
Barbara Gellman-Danley, North Central Association of Colleges

Prepared for
Ivy Tech Community College
of Indiana.

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OPE ID 00991700
PRCN: 2014-4-05-28725

U.S. Department of Education
Federal Student Aid
School Participation Division-Chicago-Denver

Program Review Report

August 4, 2014

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A. Institutional Information

Type: Public School

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools, the Higher Learning Commission

Current Student Enrollment: 100,272 (2012)

% of Students Receiving Title IV: 82% (2011-12)

Title IV Participation – PCNELL:

| | <u>2012-2013 Award Year</u> |
|---|-----------------------------|
| Federal Pell Grant Program (Pell) | \$218,600,937 |
| William D. Ford Federal Direct Loan Program (Direct Loan) | \$275,513,680 |
| Federal Supplemental Educational Opportunity Grant (SEOG) | \$ 3,871,734 |
| Federal Work Study(FWS) | \$ 1,977,291 |

Default Rate FFFL/DL:

| | |
|-------|-------|
| 2011: | 17.3% |
| 2010: | 12.1% |
| 2009: | 10.8% |

B. Scope of Review

The Office of the Inspector General (OIG) conducted an audit at Ivy Tech Community College of Indiana (Ivy Tech). The focus of the audit was to determine Ivy Tech's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The audit consisted of, but was not limited to, an examination of Ivy Tech's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

Disclaimer:

Although the audit was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Ivy Tech's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Ivy Tech of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects an initial finding from the OIG's Final Audit Report ED-OIG A071 0001. This finding is not final. The U.S Department of Education (the Department) will issue its final findings in a subsequent Final Program Review Determination letter.

C. Finding

During the OIG audit, a finding of noncompliance was noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Ivy Tech to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Credit Balances Not Returned in a Timely Manner

Citation: Whenever an institution disburses title IV, HEA program funds by crediting a student's account and the total amount of all title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but

- (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
- (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. *34 C.F.R. §668.164 (e)*

If an institution obtains written authorization from a student or parent, as applicable, the institution may:

- (i) Use the student's or parent's title IV, HEA program funds to pay for charges described in §668.164(d)(2) that are included in that authorization; and
- (ii) Except if prohibited by the Secretary under the reimbursement or cash monitoring payment method, hold on behalf of the student or parent any title IV, HEA program funds that would otherwise be paid directly to the student or parent under §668.164(e). Under this provision, the institution may issue a stored-value card or other similar device that allows the student or parent to access those funds at his or her discretion to pay for educationally related expenses. 34 C.F.R. § 668.165(b)(1)(ii).

Noncompliance: Ivy Tech was holding Title IV credit balances longer than 14 days without a student's or parent's authorization. Unless a school has authorization from student or their parents to hold Title IV credit balances, it must pay a Title IV credit balance no later than 14 days after the balance occurred on or before the start of the first class of the payment period. In that case, Ivy Tech must pay the credit balance no later than 14 days after the first day of class of the payment period.

Ivy Tech did not have authorization forms because their practices were to not hold Title IV credit balances. However, Ivy Tech did not always pay Title IV credit balances to students within 14 days.

Required Action: The institution should ensure it is in compliance with this finding by submitting a copy of its current policies and procedures for the handling of credit balances. If the institution has developed an authorization form and a policy which identifies how the institution intends to collect authorization forms going forward, a copy needs to be submitted.

In lieu of performing a file review for the entire population of Ivy Tech's Title IV credit balances, the Department will conduct an off-site program review using a limited sample to verify that all credit balance issues have been corrected. The results from this file review using the limited sample will be used to project liabilities for the entire population (i.e., the average liability for the recipients in the limited sample will be multiplied by the total population). This option is intended to reduce the burden on the institution of conducting a full file review.

A student sample containing personally identifiable information will be emailed to Ivy Tech as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip filers) will be sent in a separate email.